Germany United as Europe’s Stable Core

Barring unexpected and improbable last-minute shifts in German voters’ preferences, Angela Merkel will remain German Chancellor after the federal elections on 22 September and the direction of German domestic, European and foreign policies will remain largely unchanged.

The stability of the German political landscape is the ‘story’ of these elections and what makes Germany exceptional in contemporary Europe. Few political leaders and governments have survived the financial and economic crises that have beset Europe since 2008. In their wake, new Eurosceptical and nationalist parties have emerged to break the traditional mould of party politics in numerous EU member states and many of the traditional parties have taken a hammering.

But not in Germany. True, most Germans opposed the German-led ‘bailout’ of debtor states in the Eurozone and the on-going crisis has provoked the creation of a new ‘anti-euro’ party, the Alternative for Germany (Alternative für Deutschland – AfD). Polling at around 3 percent in opinion surveys in late August, the AfD, however, has failed to gain any significant traction in the election campaign. As fearful as they may be about the future financial costs of ‘saving’ the euro, the great majority of German voters have made their peace with the single currency and – as yet at least - have no ear for the sirens of financial nationalism.

To the extent that the AfD steals critical votes from Merkel’s Christian Democratic Party (Christlich-Demokratische/Christlich Soziale Union – CDU/CSU) and from her coalition partner, the liberal Free Democratic Party (Freie Demokratische Partei – FDP), it could nonetheless tip the election outcome in favour of the centre-left opposition, the Social Democratic Party (Sozialdemokratische Partei Deutschlands – SPD) and the Greens, enabling these to form a ‘red-green’ coalition government of the kind that governed Germany from 1998 to 2005. However, two other election outcomes are more likely.

The one is that, despite the AfD, the current governing parties once again obtain a – likely reduced – majority of seats in the federal Parliament (Bundestag). The other is that the election produces a majority neither for the incumbent governing parties nor for a ‘red-green’ coalition. In this scenario, there would be a majority in the Parliament for the SPD, the Greens and the Left Party (Linkspartei), an amalgamation of former East German Communists and more radical West German Leftists, which is the only other party likely to win parliamentary seats. As the SPD would refuse, at present at least, to form a ‘red-red-green’ government with or dependent on the Left Party, this outcome would lead to the resurrection of the ‘grand coalition’ government of the CDU/CSU and the SPD that governed Germany from 2005 to 2009. As the CDU/CSU will certainly remain the largest party after the elections, Merkel would then continue to
serve as chancellor.

If the elections confirm the existing centre-right coalition in office, there will be no significant short-term changes in the direction of German government policy. If the Social Democrats should again join Merkel as junior partners in government, whatever policy changes occur will be at the margins or differences of degree or emphasis. As, with the Greens, the SPD has a majority of votes in the upper house of the federal Parliament, the Bundesrat, which has extensive legislative veto powers, Merkel’s government has in any case been forced to accommodate the SPD on numerous major political issues during the last four years. As the balance of power in the Bundesrat is unlikely to change in the near future, Merkel will be exposed to the same pressures to keep the SPD on board even if she can continue to govern with the FDP. Thus, regardless of the new administration’s exact composition, Germany will very likely still be governed in fact, if not in name, by a grand coalition.

Why, in a continent in which many countries have experienced major political turmoil, has German politics remained so stable? The main reason is that Merkel and her government have been very successful at shielding Germany from the adverse effects of the global financial and Eurozone crises. Since the last elections and the depths of the crisis in 2009, the German economy has stabilised. Unemployment has fallen. Public fiscal deficits have been transformed into small surpluses. Most Germans are happy with their personal situation, with the state of the German economy, and, despite widespread misgivings about the extent of German financial support for crisis-struck Eurozone members, with Merkel’s management of the Eurozone crisis as well. Although she has governed Germany for eight years, there is no groundswell of opinion that it is ‘time for a change’.

That Germany’s relatively strong economic performance compared with that of most other EU member states is arguably more a consequence of the policies of her predecessor, the Social Democrat Gerhard Schröder, whose ‘Agenda 2010’ radically reformed labour market and social welfare legislation, than her own, which have been much more cautious, is an irony of history, but immaterial for the election outcome. While Merkel reaps the indirect benefits of the ‘Agenda 2010’, the SPD continues to pay the political costs, as Schröder’s reforms stimulated the creation and growth of the Left Party, which has attracted significant support among disenchanted more left-wing-oriented former SPD voters.

Merkel’s ascendency has also been buttressed by the absence of any strong internal party opposition to her leadership and her ruthless political pragmatism, manifested in the speed and alacrity with which, when it has appeared advantageous, she has embraced and stolen the proposals of the opposition. After the horrific events of Fukushima, she committed Germany to phasing out nuclear power with breath-taking speed, defusing what could otherwise have been a powerful rallying issue above all for the Greens. On many social policy issues, she has shadowed the SPD. There is no longer as much as a trace of the Merkel who ran for the Chancellorship in 2005 on a quite radical market-liberalising platform – then, having begun the campaign with a big lead over Schröder, almost lost. The chancellor shares Margaret Thatcher’s gender – but not her politics or policies.

Germany has emerged more clearly during the Eurozone crisis than ever before as the EU’s ‘indispensable’ member state. In a period of burgeoning Euro-scepticism in which many other member states have descended into political paralysis, when the U.K. has begun seriously to contemplate leaving the EU and opposition to closer political integration has weakened French governments’ capacity and will to play a leadership role in the EU, Berlin has provided the EU with a fairly stable hard core without which it might otherwise have unravelled.

Merkel’s government has been able to play this role because the red-green opposition in Berlin has supported it on key EU policy issues, reflecting the broad ‘pro-European’ consensus that continues to prevail in German party politics. Given this consensus, the Eurozone crisis has not been a major polarising topic in a dull election campaign that is likely to culminate in a historically very low level of voter turnout. All the ‘established’ parties agree that an integrated Europe is still in Germany’s fundamental economic and political interests.

Nonetheless, the election outcome on 22 September may not tell us very much as to how German European policy develops over the next few years. While the Eurozone crisis has recently subsided, it has not been banished. If the German government is forced to delve much more deeply into German taxpayers’ pockets to keep the single currency afloat, the ‘pro-European’ consensus that still prevails will come under greater strain than hitherto. As Germany’s trade dependence on other EU states gradually declines, so, too, may its economic interest in closer European integration. And, while Germany’s political interest in an increasingly integrated Europe as a means of preempting destabilizing fears among its neighbours about a too powerful Germany may remain intact, any bold new integration projects are likely to remain on hold as long as Berlin cannot find any strong partners in the EU with which to advance
them.

In other words, German and EU politics may be rather more turbulent and unpredictable in the next few years than a dull election campaign and a likely status-quo election outcome in Berlin suggest.

Douglas Webber is Professor of Political Science at INSEAD.

Follow us on twitter @INSEADKnowledge or Facebook https://www.facebook.com/Knowledge.insead.

Find article at https://knowledge.insead.edu/world/europe/germany-united-as-europes-stable-core-2594

Download the Knowledge app for free